



February 12, 2025

Senator Hardin, Chair  
Members of the Health and Human Services Committee  
Nebraska Legislature

RE: LB95

Chairman Hardin and Members of the Health and Human Services Committee,

Thank you for allowing me to testify today. My name is Dr. Katie Bass, spelled K-A-T-I-E-B-A-S-S and I am the Policy Research Manager at First Five Nebraska. First Five Nebraska is a statewide public policy organization focused on promoting quality early care and learning opportunities for Nebraska's youngest children. I am also here on behalf of the Nebraska Chamber of Commerce & Industry, the Lincoln Chamber of Commerce and the Greater Omaha Chamber. I am here to testify in support of LB95.

I want to begin by thanking Senator Fredrickson for introducing this legislation and his commitment to building a child care workforce that can meet the needs of Nebraska's working parents. The child care industry is one with low pay with few programs able to offer traditional benefits like health insurance and retirement, making it difficult to compete for employees. LB95 will help to recruit and retain parents of young children to the child care industry by providing subsidized child care as an employment benefit.

This bill, similar to its predecessor LB856 in 2024, is inspired by Kentucky's innovative use of pandemic relief dollars that flowed into the child care industry in 2022. At the time, Kentucky's child care subsidy system and child care industry overall was not serving as many children as they had prior to the pandemic. Parents needed care, and child care programs had classrooms, but without teachers to staff those classrooms, the state's child care needs, and in turn, the broader workforce needs of the state were going unmet. State leaders did their research and found that child care programs were not able to compete for workers in the competitive labor market—low pay, high stress and a lack of benefits had educators turning to other fields that offered greater financial stability.

This is when Kentucky made child care employees eligible for the child care subsidy regardless of their household income. The thought was that while large chain retailers may be able to pay more, by taking away the expense of child care for these employees, they would be encouraged to return or stay in the child care industry.

Over the past couple of years, more states have followed Kentucky's lead and have found ways to right-size the approach to fit their needs and investments.

- Kentucky has seen great success with their program. Initial estimates indicate that more than half of the employees who applied to the pilot program met the criteria for subsidy eligibility without the disregard.<sup>1</sup> Child care providers have reported that the strategy is effective for recruitment and retention and that staffing has increased. As a result, Kentucky will continue the program, funding the employees who are income eligible through existing subsidy funds and utilizing state funds to cover individuals who exceed current income eligibility limits.
- In 2023, Iowa created a one-year pilot program for employees regardless of income who work at least 32 hours per week in direct care positions. Last year they passed legislation to extend the pilot through June 2026.
- Rhode Island also created a one-year pilot program in 2023, which has been extended through July 2026. Employees who earn less than 300% FPL qualify for the pilot.
- North Dakota created a child care workforce benefit for child care employees regardless of income if they are employed by a licensed child care provider and work at least 25 hours per week.
- Washington and Indiana expanded subsidy eligibility for the child care workforce to 85% SMI. All other families qualify at 60% SMI and 150% FPL, respectively.
- Arkansas received a federal waiver to use CCDF funding for child care workers regardless of income and Utah passed legislation to allow child care workers to qualify for the state's subsidy program regardless of income.

What is great about LB95, and also differentiates it from last year's LB856, is that we can take the lessons from other states and right-size them for Nebraska. LB95 makes the child care workforce eligible for the subsidy program for the care of their own children. Like Kentucky, Iowa and Rhode Island, LB95 is a pilot program. The legislation also requires an annual report so that when the pilot program ends, the Legislature has the opportunity to evaluate its impact to decide whether to make the program permanent. Like Iowa, LB95 requires the hours worked to be specifically in child care. And like Rhode Island, Washington and Indiana, LB95 dramatically expands eligibility, while still placing income limits that will ensure our state dollars are invested in child care employees with the highest needs.

LB95 is an investment in our child care workforce that will have a ripple effect across the economy of our state. Thank you for your time and consideration today. I am happy to answer any questions you may have.

Sincerely,



Katie Bass, Ph.D.  
First Five Nebraska

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<sup>1</sup> Vanover, S., Smith, L. and Reef, G. (2024). Supporting Child Care Workers as Parents: How the Kentucky Subsidy Income Exclusion for Child Care Employees Helps Increase Access to Child Care. Buffet Early Childhood Institute, Bipartisan Policy Center and U.S. Chamber of Commerce Foundation. [https://buffettinstitute.nebraska.edu/-/media/projects/buffett-nucleus/resources/policy-briefs/ky-subsidy-overview-brief-2024\\_digital.pdf](https://buffettinstitute.nebraska.edu/-/media/projects/buffett-nucleus/resources/policy-briefs/ky-subsidy-overview-brief-2024_digital.pdf)